

AMENDED IN SENATE AUGUST 17, 2010

AMENDED IN ASSEMBLY JUNE 1, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2599

**Introduced by Assembly Members Bass and Hall
(Coauthor: Assembly Member Fuentes)**

February 19, 2010

An act to add Article 5.15 (commencing with Section 14165.50) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2599, as amended, Bass. Medi-Cal: South Los Angeles.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income persons receive health care benefits. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions.

Existing law authorizes the California Medical Assistance Commission to negotiate selective provider contracts with eligible hospitals to provide inpatient hospital services to Medi-Cal beneficiaries.

Existing law requires the County of Los Angeles, for the 2007–08, 2008–09, and 2009–10 state fiscal years, to make intergovernmental transfers to fund the nonfederal share of increased Medi-Cal payments to those private hospitals that serve the South Los Angeles population formerly served by Los Angeles County Martin Luther King, Jr. - Harbor Hospital.

This bill, in order to facilitate the financial viability of a new private nonprofit hospital that will serve the population of South Los Angeles that was formerly served by the Los Angeles County Martin Luther King Jr. - Harbor Hospital, would require the department and the California Medical Assistance Commission to take all steps necessary to ensure the availability of Medi-Cal funding, as specified, or implement mechanisms to provide equivalent funding under successor or modified Medi-Cal payment systems.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Until August 2007, the County of Los Angeles operated the
- 4 Los Angeles County Martin Luther King, Jr.-Harbor Hospital,
- 5 which provided inpatient and outpatient hospital services to the
- 6 population of South Los Angeles.
- 7 (b) During the 2007–08 Regular Session of the Legislature, the
- 8 Legislature enacted Senate Bill 474, which, among other things,
- 9 created the South Los Angeles Medical Services–~~Prevention~~
- 10 *Preservation* Fund. Senate Bill 474 provided for the South Los
- 11 Angeles Medical Services Preservation Fund to be continuously
- 12 appropriated for each of the 2007–08, 2008–09, and 2009–10
- 13 project years for the purpose of reimbursing the county for its
- 14 specified costs of meeting the health care needs of the population
- 15 formerly serviced by the Los Angeles County Martin Luther King,
- 16 Jr.-Harbor Hospital. The Legislature anticipated that funds from
- 17 the Medi-Cal Hospital Care/Uninsured Hospital Care
- 18 Demonstration Project, as provided under Senate Bill 474, would
- 19 be available to help fund the restoration of hospital services on the
- 20 site of the former Los Angeles County Martin Luther King,
- 21 Jr.-Harbor Hospital campus.
- 22 (c) The County of Los Angeles and the University of California
- 23 are working together to open a new hospital on the former Los
- 24 Angeles County Martin Luther King, Jr.-Harbor Hospital campus.
- 25 Both entities have approved, in principle, the key terms for opening

1 the new hospital under a private nonprofit entity, which include a
2 substantial funding commitment by the County of Los Angeles.
3 The new hospital will serve as a safety net provider in South Los
4 Angeles, treating a high volume of Medi-Cal and uninsured
5 patients.

6 (d) It is contemplated that the new hospital would be located in
7 the seismically-compliant patient tower on the campus of the
8 former Los Angeles County Martin Luther King, Jr.-Harbor
9 Hospital. The patient tower meets the requirements as an eligible
10 project pursuant to Section 14085.5 of the Welfare and Institutions
11 Code.

12 (e) It is the intent of the Legislature to facilitate the success of
13 the new hospital in providing critical health care to the South Los
14 Angeles population, which is dependent upon adequate and
15 predictable funding levels.

16 SEC. 2. Article 5.15 (commencing with Section 14165.50) is
17 added to Chapter 7 of Part 3 of Division 9 of the Welfare and
18 Institutions Code, to read:

19
20 Article 5.15. Medi-Cal Funding for South Los Angeles
21

22 14165.50. (a) To facilitate the financial viability of a new
23 private nonprofit hospital that will serve the population of South
24 Los Angeles that was formerly served by the Los Angeles County
25 Martin Luther King, Jr.-Harbor Hospital, the department and the
26 California Medical Assistance Commission shall take all steps
27 necessary to ensure the availability of Medi-Cal funding as
28 specified below, or implement mechanisms to provide equivalent
29 funding under successor or modified Medi-Cal payment systems:

30 ~~(a)~~

31 (1) Ensure that the rates for Medi-Cal inpatient hospital services
32 negotiated under the Selective Provider Contracting Program, as
33 set forth in Article 2.6 (commencing with Section 14081), shall
34 reimburse the new hospital at no less than 60 percent of the
35 hospital's costs for providing the services, exclusive of any
36 supplemental payments.

37 ~~(b)~~

38 (2) Ensure that Medi-Cal payment for debt service incurred by
39 the County of Los Angeles, and, if applicable, the new hospital,
40 with respect to capital projects located at the site of the new

1 hospital that were previously determined eligible under Section
2 14085.5, will be made to the new hospital.

3 (e)

4 (3) Ensure that Medi-Cal outpatient services, including
5 emergency room services, will be reimbursed under the same
6 methodology as that established in Section 14105.24.

7 (d)

8 (4) Ensure that the funding provided to the County of Los
9 Angeles through the South Los Angeles Medical Services
10 Preservation Fund, as set forth in Section 14166.25, will continue
11 to be made available to the county for purposes related to meeting
12 the health care needs of the population formerly served by the Los
13 Angeles County Martin Luther King, Jr.-Harbor Hospital.

14 (b) *The new hospital receiving funds provided for in this section*
15 *shall be a private nonprofit hospital established pursuant to an*
16 *agreement between the County of Los Angeles and the University*
17 *of California.*

18 SEC. 3. This act is an urgency statute necessary for the
19 immediate preservation of the public peace, health, or safety within
20 the meaning of Article IV of the Constitution and shall go into
21 immediate effect. The facts constituting the necessity are:

22 In order to ensure the restoration of critical health care services
23 to the South Los Angeles population formerly served by the Los
24 Angeles County Martin Luther King, Jr.-Harbor Hospital and to
25 ensure that those services remain accessible, it is necessary that
26 this act take effect immediately.